Premier Is

Hele Danmarks Ismejeri

Part of FOOD UNION

ANNUAL REPORT

for the financial year ended 31 December 2020

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15 June 2021

Mejerigaarden, CVR nr. 37 31 73 14

Kim Gade Pedersen, Chairman

CONTENTS

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Mejerigaarden A/S (the Company) for the financial year 1 January 2020 to 31 December 2020.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company's operations and cash flows for the financial year ended 31 December 2020.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Thisted, 15 June 2021

EXECUTIVE BOARD

Kim Gade Pedersen
CEO

Claus Dahlmann Larsen
CCO

BOARD OF DIRECTORS

Andrei Beskhmelnitskii
Chairman of the Board

Normunds Stanevics
Board member

Nodir Normatov
Board member

2 INFORMATION ON THE COMPANY

The Company	Mejerigaarden A/S CVR No. 37 31 73 14
Address of the Company	Sennelsvej 1, DK-7700 Thisted Municipality of re. office: Thisted
Board of Directors	Andrei Beskhmelnitskii (Chairman of the Board) Normunds Staņēvičs (Member of the Board) Nodir Normatov (Member of the Board)
Executive Board	Kim Gade Pedersen Claus Dahlmann Larsen
Reporting period	1 January 2020 – 31 December 2020
Name and address of the certified audit company and certified auditor in charge	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Resenvej 81, Postboks 19 DK-7800 Skive CVR No. 33 77 12 31
Bankers	Ringkjøbing Landbobank

MANAGEMENT'S REVIEW

The Annual Report of Mejerigaarden A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, applying to large enterprises of reporting class C. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

With accounting effect from 1 January 2020, Mejerigaarden A/S has been merged with the wholly owned subsidiary Hjem-IS Danmark A/S. Reporting years, 2020, income statement and balance sheet as at 31 December 2020 thus includes the total activity for the previous two independent units. Prior year, 2019, presented figures are comparative, as they represent then consolidated performance and financial position of above-mentioned two independent units.

PRINCIPAL ACTIVITIES

Mejerigaarden A/S (the Company) carries on production, sale, and distribution of ice-cream products primarily for the Danish market. Principal activities have not changed compared to previous reporting year.

MARKET OVERVIEW

The overall market in Denmark for Mejerigaarden's products is generally stable but showed an increase in 2020 compared with 2019 due to the COVID-19 pandemic.

The market remains subject to some difficult general conditions and is still a very competitive market with much focus on price.

DEVELOPMENT IN THE YEAR

The financial year 2020 was positively affected by the impacts of the COVID-19 pandemic. Danish consumers did not travel abroad to the same degree as previous years and stayed more at home in general due to multiple lockdowns.

As of 1 January 2020, the Danish Business Authority has approved the merger between Premier Is and Hjem-IS. In the past year, the two companies have been run as one for the first time.

The Company maintained its total market share in 2020.

Overall, the above is reflected in the financial development; the income statement shows a profit of DKK 26 100k and equity amounts to DKK 114 746k.

The results exceed Management's expectations for 2020 and are thus considered highly satisfactory.

EXPECTED FINANCIAL DEVELOPMENT

The Company expects to see satisfactory results for 2021. Reference is made to subsequent events disclosures.

SPECIAL RISKS

Operations

The Company's earnings may to a significant extent be affected by the weather in the summer months in Denmark. Moreover, the Company's activities are affected by the price level of basic raw materials such as cream, proteins, sugar, etc.

Financial risks

The Company is not exposed to changes in exchange rates and interest-rate levels to any material extent.

The Company's activities in foreign currencies are limited; consequently, changes in exchange rates and interest rates will not affect results, cash flows and equity to any material extent. The Company's interest-bearing debt consists primarily of intercompany payables or is based on a fixed interest rate and, therefore, changes in interest rates will have a limited effect on earnings.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company applies considerable resources on product development. Product development costs are treated for accounting purposes as part of the production costs.

EXTERNAL ENVIRONMENT

The Company makes targeted efforts to reduce its consumption of resources and environmental impact.

The climate and environmental policy adopted is based on financially and environmentally sound operations and is a natural and important element of Management's target of optimising both production conditions and product quality.

Corporate social responsibility report

THE COMPANY'S BUSINESS MODEL

Mejerigaarden A/S carries on production, sale, and distribution of ice-cream products primarily for the Danish market.

The production of ice-cream products primarily takes place at the Company's plant in Thisted. The Company also imports ice-cream products. The products are sold under the trademarks Premier Is, Polar Is, Gammeldags, Mejerigaarden, Underground, Rønbjerg and Hjem-IS.

The distribution of the Company's own products is operated partly through our own ice cream trucks to retailers and partly through central warehouses to wholesalers.

The Company has minor exports to the Scandinavian markets and to Germany.

Mejerigaarden is part of the Food Union Group.

Mejerigaarden A/S wants to contribute to social responsibility throughout its value chain and has a size that requires but not least entitles the Company to take active social responsibility.

Mejerigaarden A/S wants to work with CSR as an integrated part of its strategy and operations with focus on internal and external responsibility including impact on the environment, requirements for sub-suppliers, working conditions and training. Based on the already existing policies and results, CSR will therefore continue to form a natural part of the day-to-day work of Mejerigaarden A/S and comprises all activities carried out by Mejerigaarden A/S as defined in policies for the Company's environmental impact, public health, working conditions, gender composition of Management, welfare to work programs and training, human rights, child labor and anti-corruption.

Mejerigaarden A/S will continue to relate to its surroundings and further develop its CSR strategy to consider not only CSR, but all that CSR means to the entire Mejerigaarden A/S.

ETHICAL TRADING AND ANTI-CORRUPTION RULES

All types of corruption, bribery, fraud, and money laundering are strictly prohibited. We reject all unfair and restrictive trading practices. No employee of the Company can accept personal gifts, services, travels, event offers or similar benefits of material value from suppliers or other business partners.

It is strictly forbidden to grant, offer or promise any benefit, whether directly or indirectly, to any public officer with a view to wrongfully influencing the exercise of public authority in connection with purchases, tendering or any other type of business or business transaction that may result in an undue gain.

We are on the lookout for conflicts of interests, and our employees should always safeguard the Company's interests over their personal interests. We encourage everyone to use their common sense.

We focus on the Company's internal procedure and control measures and are striving continuously to adapt these to our day-to-day work and in response to external impacts. We did not during the year identify any instances in bribery, fraud, or corruption.

It is an unconditional requirement that our suppliers declare to meet an internally defined code of conduct, which contains CSR requirements defined by, among others, the UN, OECD and the Danish Ministry of Business, Industry and Financial Affairs.

The purpose of the internal code of conduct is, among other things, to ensure that Mejerigaarden A/S actively aims at complying with laws, regulations, and generally accepted practice to avoid any form of corruption, including bribery and money laundering.

EMPLOYEES AND WORKING ENVIRONMENT

Also in 2020, Mejerigaarden A/S saw good results from its focus on an improved working environment, including measures to prevent accidents as well as several tools to support development, training, and job satisfaction.

The Company actively works on setting up action plans based on APVs (workplace assessments) for the purpose of acting in the areas that will contribute the most to improving the working environment.
Together with the job center, the Company forms part of a project called code of care which aims at helping disadvantaged citizens out of unemployment and into jobs.

ENVIRONMENT AND CLIMATE

Mejerigaarden A/S produces ice-cream products, which requires a significant consumption of energy. The energy consumption is mainly used for cooling, heating, and freezing.

The actual energy consumption varies compared to the production volume and product mix and, consequently, the determination of gross production target figures is less relevant for the Company.

The energy consumption has developed as follows:

	Electricity			Natural gas		
	2020	2019	2018	2020	2019	2018
KWH	5 396 978	5 508 330	5 615 488			
M3				275 259	243 564	258 656
Per production hourly wage	55.17	56.82	51.44	2.82	2.51	2.25

Electricity consumption developed positively in relation to production output, whereas gas consumption saw an increase in 2020. At the end of 2020, the gas burner for the main plant was replaced. Consequently, the expectation is that consumption will be reduced in 2021.

Mejerigaarden A/S continuously works on minimising its indirect environmental impact by selecting packaging types with the least possible impact on the environment. Thus, sustainability, including the climate impact, constitutes the Company's primary strategy area.

A few years ago, the Company entered a climate partnership with Ørsted and implemented an energy savings project under which feasible energy efficiency measures were introduced.

The Company's wastewater is monitored and neutralised before it is released to a purification plant, and waste from the production is sold for biogas production to the extent possible.

HUMAN RIGHTS

Mejerigaarden A/S supports and respects internationally declared human rights. We are actively working to ensure that all of our employees are treated fairly equally and respectfully. We do not employ anyone below the age of 15, and the age of all employees is verified through their civil registration number. This is checked monthly and no incidents was discovered during 2020.

It is our ambition to promote diversity and to focus on employee involvement and competence development. We do not accept differential treatment of any kind nor threats suppression or harassment of any kind among our emplyees or among suppliers.

Mejerigaarden A/S obtains its raw materials and packaging worldwide. Through supply agreements and supplier cooperation as well as the use of certified ingredients (UTZ, RSPO), we place specific requirements for suppliers' compliance with human rights as per UN conventions and the ILO as well as for not using child labor. Cooperation with one supplier was canceled during 2020 for not being willing to sign Mejerigaarden CSR policy.

STATEMENT ON GENDER REPRESENTATION

Gender representation in Management

At Mejerigaarden A/S, we emphasise the development of our organisation and employees. We see diversity among our employees as a strength and make an active effort to avoid negative discrimination of employees based on gender, ethnicity, or religious beliefs so that all employees at all levels have the same rights, duties, opportunities, and equal pay for the same work.

For 2020, the gender representation at management levels was as follows:

	Woman	Targets for woman	Men
Board of Directors	0%	25%	100%
Other managers	33%	33%	67%

Gender representation is unchanged compared to 2019.

The Board of Directors consists of two representatives of the Company's foreign owners and a representative of Group Management.

When it was decided to merge Mejerigaarden A/S with Hjem-Is Danmark A/S back in 2019, the plan was to consolidate the Board of Directors so that the female board member of Hjem-Is Danmark A/S would continue as a member of the Board of Directors of the continuing company. At the end of the financial year, the merger of the companies was not yet implemented and, consequently, the target of female representation in the Board of Directors has not yet been met.

As a first step in the direction of an equal gender representation, the Executive Board of Mejerigaarden A/S will, through dialogue, actively seek to influence the owners to increase the Board of Directors to four members elected at the General Meeting in order thus to open for the possibility of having women represented on the Company's Board of Directors.

Regarding other executives, it is the Company's intention to ensure equal opportunities for both genders to promote an equal gender representation. Emphasis is placed on attracting both male and female candidates particularly in connection with recruitment.

SUBSEQUENT EVENTS

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

The future outlook of the Company will continue to be negatively as well as positively affected by the COVID-19 outbreak and the measures taken by the Danish government to mitigate the impacts of the outbreak, i.e. closures of different parts of society.

FINANCIAL HIGHLIGHTS

Seen over a five-year period, the development of the Group is described by the following financial highlights:

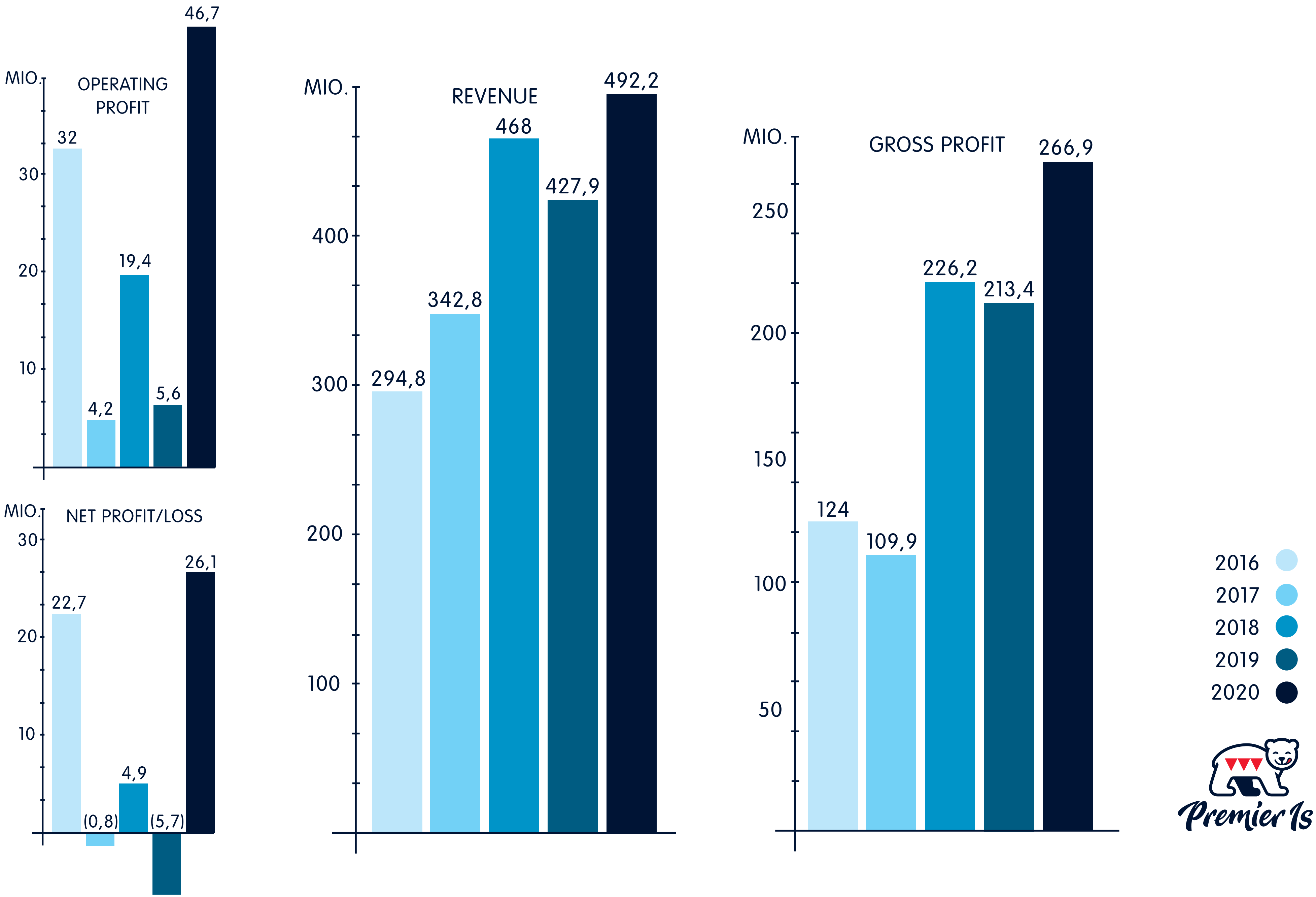
		2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Profit/loss						
Revenue		492 150	427 942	468 046	342 209	294 785
Gross profit		266 873	213 441	226 169	109 856	124 070
Operating profit		46 727	5 628	19 397	4 155	31 994
Profit/loss before financial income and expenses		46 727	5 628	19 397	4 155	30 730
Net financial items	-	- 13 170	- 10 526	- 13 112	- 5 710	- 1 681
Net profit/loss for the year		26 100	- 5 656	4 877	- 84	22 660
Balance sheet						
Balance sheet total		480 070	426 144	360 525	335 827	141 491
Equity		114 746	88 646	94 302	89 425	61 388
Cash flows						
Cash flows from:						
- operating activities		122 184	51 147	47 172	5 254	38 780
- investing activities		- 15 040	- 15 334	- 23 931	- 127 783	- 12 474
- including investment in property, plant and equipment		*- 15 606*	*- 19 013*	*- 31 069*	*- 27 235*	*- 8 938*
- financing activities		- 29 954	- 35 489	- 15 480	129 440	- 677
Change in cash and cash equivalents for the year		77 190	325	7 760	6 911	25 629
Number of employees		324	322	306	240	142
Ratios						
Gross margin		54.2%	49.9%	48.3%	32.1%	42.1%
Profit margin		9.5%	1.3%	4.1%	1.2%	10.4%
Return on assets		9.7%	1.3%	5.4%	2.7%	21.7%
Solvency ratio		23.9%	20.8%	26.2%	26.6%	43.4%
Return on equity		25.7%	- 6.2%	5.3%	0.1%	45.3%

With effect from 1 January 2020, Mejerigaarden A/S has been merged with the since 2017-wholly-owned subsidiary Hjem-IS Danmark A/S. Comparative figures include the total activity for the previous two independent units (except for 2016).

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In 2018, with effect from 1 January 2017, the Group has chosen to submit annual financial statements in accordance with IFRS. The Group has previously prepared annual financial statements in accordance with the Danish Financial Statements Act. The comparative figures for 2017 have been restated. Other comparative figures before 2017 have not been restated.

8 FINANCIAL HIGHLIGHTS



A HISTORIC YEAR

2020 will go down in history for several reasons. The Covid-19 pandemic shut down most of the world, with adventures abroad replaced by experiences in our immediate surroundings. Fortunately, this did not impact negatively on the Danish appetite for quality ice cream – quite the contrary.

This is reflected in the 2020 results of Premier Is, as we have achieved impressive growth in terms of both revenue and operating profits (EBITDA). For Premier Is, the year ends with resulting profits of DKK 26 million after taxes.

This is a historic result, which we are very proud of. It is largely attributable to the fact that Danes have been enjoying more ice cream than ever before. The entire ice cream category grew in 2020, as home schooling and working from home boosted the consumption of ice cream, and our business has benefited from this growth. We are present in all sales channels, but the development in sales across the various channels has undoubtedly been affected by the Covid-19 pandemic. While we saw many ice cream shops close down, Hjem-IS has essentially experienced a revival. Additionally, sales through our digital channels are playing a bigger role than ever before.

Hjem-IS has played a special role in the past year, as the Danish Competition and Consumer Authority approved the merger of Premier Is and Hjem-IS as of 1 January 2020. With the long history and traditions of Hjem-IS, we are proud and pleased to add yet another Danish ice cream brand to our portfolio. We have high expectations for how the merger of the two brands will strengthen our market position going forward.

LOCAL READINESS FOR CHANGE

The year-end results demonstrate that Premier Is has succeeded in adapting the company as the market has undergone a marked change. 2020 has demanded significant agility and readiness for change – when circumstances change, you have to keep up. Despite being the largest ice cream dairy in the Danish market, we have been able to act quickly, like the local business we are. As we are a small company, the road from idea and decision making to action is short.

A big part of the credit for an impressive 2020 result goes to our employees. In a short space of time, they have managed to implement changes that have enabled us to put into action a comprehensive strategy under difficult circumstances. High praise to our employees also for how they have handled the constraints of the Covid-19 pandemic. We have, among other things, implemented a large number of protocols for how we can go to work without putting the health of our employees at risk. This has required a significant effort and affected the daily operations, behaviour and, not least, the managerial focus.

INVESTMENT IN THE FUTURE

2020 was also the year in which we introduced the strategy that will contribute to the continuing development of Premier Is up until 2023. The strategy is concerned with important internal matters, such as job satisfaction and well-being, organisational restructures, and capacity adjustments, but in particular financial results, sustainability, and innovation. In light of last year's result, we can state that we, in 2020, were close to reaching our economic target set for 2023. The fact that we have reached that point more quickly than anticipated does not, however, mean that we are already there – far from it.

Since the foundation of Premier Is back in 1933, our goal has been to make ice cream in a league of its own, and we still use this ambition as a compass for the further direction and development of Premier Is. While we are bound by traditions, we also look towards the future – not just in relation to our products, but also in relation to the world surrounding us.

In this context, a more sustainable ice cream production is one of our top priorities. Thanks to last year's result, we now have the opportunity to invest in initiatives that make it possible to reduce the environmental footprint of Premier Is more effectively. We are very conscious that sustainability plays an important role for employees as well as customers and consumers, and we will, among other things, improve the sourcing, production, packaging, and delivery of our products in the coming years.

The expectation for 2021 is that our strategic initiatives will keep delivering positive results and creating value. We will follow the course we have set in order to reach an even stronger position in the market, but we are also aware that we must step up in terms of our innovation, process optimisation, and digitalisation efforts. We started this process in 2020, and we are already seeing positive results from the effort.

We have another exciting year ahead, where we will take new, important steps in the further development of Premier Is. The foundation is cast, and the goals are set.

LAUNCH OF 2023 STRATEGY

In 2020, Premier Is presented the new business strategy to take us up to 2023, “The New Premier Is”, with the ambition of creating even more value for our consumers, customers, and employees alike. We want to create innovations that only Premier Is can create – with a focus on craft, quality, and humour.

The 2023 strategy of Premier Is includes the following five must-win battles:

1. We need profits in order to invest in our future
2. We need to increase sales in order to give more consumers the best ice cream experience
3. We need to work in new and simpler ways
4. The Premier Is climate goals
5. Team NANOK

To sustain our growth and development, it is imperative that we have healthy finances that generate profits. Profit is necessary for us to invest in digitalisation, infrastructure, and sustainability, which are some of the areas we need to strengthen in the future. We know, among other things, that our production facilities will require major investments by 2023. This is needed in order to maintain current capacity but also to prepare for future demand.

As our second must-win battle, we need to increase sales throughout the year. We see no reason to turn down our ambitions outside of the peak seasons. Through promotional activities linked to events and festive seasons, we want to show Danes that there is an ice cream for every occasion. We will do that in close collaboration with our customers through valuable partnerships with a focus on developing the customers' businesses through innovation, consulting, and the execution of a new menu concept. This includes the launch of a new business area with sprinkles, toppings, and similar products to perfect the ultimate ice cream experience.

Part of that work also includes starting exports to markets that have their peak season during the Danish off-peak season, as well as potential for, among other things, vegan and low-calorie ice creams. We would also like to eventually take our extensive knowledge of Danish ice cream production abroad. The Danish approach to organic as well as vegan produce is of high value, and we see great potential in sharing that knowledge with others beyond Denmark's borders.

In the third must-win battle, we need to improve our processes. Put simply, we need to be better at standardising, automating, and simplifying workflows in order to put us in a better position to scale our business. Simultaneously, Premier Is needs to improve its IT infrastructure and grow its digital presence.

Our fourth must-win battle focuses on a more sustainable ice cream production. As is the case when producing any frozen foods, the production of ice cream is energy intensive. This is because the products have to be heated and then frozen, and these large temperature fluctuations require a lot of energy. The products are subsequently stored frozen and distributed via delivery and ice cream trucks.

As Denmark's largest ice cream dairy, we are very aware of our environmental responsibility. We have therefore defined a ten-year climate action plan, which includes minimising packaging and replacing related items such as spoons and cups with sustainable materials. Other initiatives include energy labelling cars and freezers as well as requiring that suppliers have sustainable profiles.

The goal is also that we, to a greater extent, succeed in bringing together employees around a strengthened Premier Is brand. Our fifth must-win battle is therefore centred around our employees and ensuring that Premier Is is a great place to work. We will launch a variety of initiatives that will help to merge two companies – Premier Is and Hjem-IS – into one culture.

A MORE SUSTAINABLE ICE CREAM PRODUCTION

As Denmark's largest ice cream dairy, we have a responsibility to ensure that we work to create a more sustainable ice cream production. As such, in 2020, we focused on choosing the right partners so that we, together, can create products that leave a limited environmental footprint. Today, we do everything we can to make our production more sustainable. We are not there yet, but a stronger focus and several new initiatives mean that we are on the right track.

WASTE

Our production waste is sold to biogas plants and is thereby converted into green energy, while our wastewater is pH-neutralised before it is discharged to wastewater treatment plants.

ENERGY

Our largest CO2 load comes from electricity, and Premier Is has therefore chosen Ørsted as a supplier. Named the world's greenest energy company, Ørsted has a green profile and high ambitions.

PLASTIC PACKAGING

We only use clean packaging types, which means that we avoid laminates. As such, our packaging can be recycled once sorted correctly. During 2020, we introduced sorting instructions on some of our packaging, so that we can make a joint effort in taking responsibility for recycling.

LOGISTICS

We have implemented several initiatives related to our logistics. We are continuously monitoring our fuel consumption and optimising our routes. As a result, we have already reduced our mileage by half a million kilometres, which equals a saving of 50 tonnes of diesel.

FIVE NEW VARIETIES

Every ice cream from Premier Is tells a story, and this is also the case for the five new ice cream varieties that we welcomed in 2020: from the fun and magical Popstar to the epic waves of surfer favourite Cold Hawaii, and the new “Gammeldags Flødeis” varieties with coconut, almond, salted caramel and plenty of cream to the trendy and dairy-free VegaNice in a black waffle.

VEGANICE

Vegan alternatives have found their way into the freezers and VegaNice makes most people’s mouths water. VegaNice is a vegan ice cream cone with chocolate and mint ice cream coated with a generous layer of vegan chocolate.

COLD HAWAII

Cold Hawaii is a refreshing lemonade ice lolly inspired by the surfing lifestyle and the roar of the waves in Thy, north-western Jutland – the home region of Premier Is. With a taste of lime and other fruits, the ice lolly is irresistibly exotic and unmistakably Danish at the same time.

“GAMMELDAGS FLØDEIS” WITH COCONUT/ALMOND

We cherish the legacy of the original ice cream masters and take pride in only using the best ingredients and carefully crafting the ice cream with cream. The new bourbon vanilla ice cream made with coconut is coated in white chocolate with almonds and coconut flakes.

POPSTAR

Some ice creams are just more fun than others, and Popstar definitely belongs at the funny end of the scale. This sweet ice cream has a tutti-frutti flavour and is filled with popping star dust for a truly unique taste experience.

“GAMMELDAGS FLØDEIS” WITH SALTED CARAMEL

This ice cream tastes of the good old days and is characterised by a creamy texture thanks to the cream. This is a bourbon ice cream with golden salted caramel sauce and salted cara mel coating. In 2021, the “Gammeldags” name will be discontinued. Instead, the ice cream series will be relaunched with a new design under the Premier Is brand.

PREMIER IS AND HJEM-IS UNDER ONE ROOF

As of 1 January 2020, the Danish Business Authority has approved the merger between Premier Is and Hjem-IS, and in the past year, the two companies have been run as one for the first time.

The merger between Premier Is and Hjem-IS marks a good beginning for our 2023 strategy. Having both brands under the same roof has given us the opportunity to establish more joint operations and shared resources. As an example, we can now arrange deliveries to customers according to the routes of the Hjem-IS trucks. We thereby avoid sending half empty trucks on the roads and instead utilise the available logistics capacity. Our task is simply to fill up the cars so that they can deliver as much as possible to each customer.

In this way, we can give our customers a good service while reducing the number of kilometres on the roads. Adding to that, it is good for the financial and sustainable bottom line. By becoming more cost-effective, we can make the necessary investments in the initiatives and areas that are crucial for us to meet our strategic ambitions. Our work in this area in 2020 has just been the beginning.

STATEMENT OF COMPREHENSIVE INCOME

	Note	2020 DKK	2019 DKK
Revenue	5	492 150 356	427 941 652
Cost of goods sold	6	(225 277 845)	(214 500 384)
Gross profit		**266 872 511**	**213 441 268**
Selling expenses	7	(179 885 023)	(173 019 767)
Administrative expenses	8	(42 440 444)	(40 463 252)
Other operating income	9 (a)	2 383 970	5 288 821
Other gains, net	9 (b)	191 397	600 140
Other operating expenses	9 (c)	(395 369)	(218 900)
Operating profit		**46 727 042**	**5 628 310**
Finance costs	10 (a)	(13 495 302)	(10 342 400)
Foreign exchange gain / (loss), net	10 (b)	325 575	(183 650)
Profit/ (loss) before income tax		**33 557 315**	**(4 897 740)**
Income tax expense	13	(7 456 912)	(758 198)
Profit/ (loss) for the year		**26 100 403**	**(5 655 938)**
Other comprehensive income/ (expenses)		-	-
Total comprehensive profit/ (loss) for the reporting year		**26 100 403**	**(5 655 938)**

Notes on pages from 21 to 65 form an integral part of these financial statements.

Assets	Note	31.12.2020. DKK	31.12.2019. DKK
Non-current assets			
Intangible assets	16	160 286 152	165 200 177
Property, plant and equipment	17	129 420 822	128 202 521
Trade and other receivables	19	2 569 356	2 358 979
Total non-current assets:		**292 276 330**	**295 761 677**
Current assets			
Inventories	18	69 434 063	68 388 014
Trade and other receivables	19	25 699 549	46 526 428
Cash and cash equivalents	20	92 659 660	15 468 229
Total current assets:		**187 793 272**	**130 382 671**
Total assets		**480 069 602**	**426 144 348**
Liabilities			
Share capital	21	1 100 000	1 100 000
Other reserves		617 488	617 488
Retained earnings		113 028 820	86 928 417
Total equity:		**114 746 308**	**88 645 905**
Non-current liabilities			
Borrowings	22	208 173 085	176 315 189
Deferred tax liability	23	23 741 300	22 969 869
Trade and other liabilities	24	13 561 260	-
Total non-current liabilities:		**245 475 645**	**199 285 058**
Current liabilities			
Borrowings	22	43 122 396	73 289 245
Current income tax		-	18
Trade and other payables	24	76 725 253	64 924 122
Total current liabilities:		**119 847 649**	**138 213 385**
Total liabilities:		**365 323 294**	**337 498 443**
Total equity and liabilities:		**480 069 602**	**426 144 348**

Notes on pages from 21 to 65 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total
	DKK	DKK	DKK	DKK
Balance as at 31.12.2018	**1 100 000**	**1 372 083**	**91 829 760**	**94 301 843**
Reclassification	-	(754 595)	754 595	-
Total comprehensive loss for the reporting year	-	-	(5 655 938)	**(5 655 938)**
Balance as at 31.12.2019	**1 100 000**	**617 488**	**86 928 417**	**88 645 905**
Total comprehensive income for the reporting year	-	-	26 100 403	**26 100 403**
Balance as at 31.12.2020	**1 100 000**	**617 488**	**113 028 820**	**114 746 308**

Notes on pages from 21 to 65 form an integral part of these financial statements.

	Note	2020 DKK	2019 DKK
Cash flows from operating activities			
Profit/ (loss) before tax		**33 557 316**	**(4 897 740)**
Adjustments for: Depreciation of property, plant and equipment	17	27 404 926	27 356 555
Amortization of intangible assets	16	11 121 957	10 454 838
Interest income		-	(355)
Interest expenses	10 (a)	12 500 141	10 181 629
Impairment of receivables and inventory		(423 091)	33 226
Change in accrued liabilities		10 852 088	13 308 965
Change in deferred expenses		-	(2 647 351)
(Impairment) recognized		-	(81)
(Gain) on disposal of non-current assets		(191 397)	(600 140)
		94 821 938	**53 189 546**
Adjustments for:			
(Increase)/ decrease in inventories		(1 046 050)	10 341 839
Decrease / (increase) in trade and other receivables		21 412 656	(1 569 443)
Increase/ (decrease) in trade and other payables		14 051 819	(9 793 443)
Cash generated from operations		**129 240 363**	**52 168 499**
Corporate income tax paid		(7 056 000)	(1 021 174)
Net cash generated from operating activities		**122 184 363**	**51 147 325**
Cash flows from investing activities			
Acquisition of tangible and intangible assets	16,17, 22 (viii)	(15 605 618)	(19 013 131)
Proceeds from sale of tangible assets and intangible assets		565 778	3 579 848
Loans issued		-	(280 313)
Received repayment of the issued loans		-	379 313
Interest received		-	355
Net cash used in investing activities		**(15 039 840)**	**(15 333 928)**

Notes on pages from 21 to 65 form an integral part of these financial statements.

	Note	2020 DKK	2019 DKK
Cash flows from financing activities			
Borrowings received		23 427 966	-
Repayments of borrowings		(30 675 426)	(11 158 694)
Interest paid		(7 083 390)	(7 457 157)
Lease liabilities with purchase option interest payments		(40 926)	(92 080)
Lease liabilities without purchase option interest repaid		(1 780 633)	(1 704 819)
Lease liabilities with purchase option payments		(508 108)	(2 997 934)
Lease liabilities without purchase option repaid		(13 293 666)	(12 077 968)
Net cash used in financing activities	22 (vii)	**(29 954 183)**	**(35 488 652)**
Net increase in cash and cash equivalents		**77 190 340**	**324 745**
Result of foreign exchange rate fluctuations		1 091	(8 478)
Cash and cash equivalents at beginning of the year	20	**15 468 229**	**15 151 962**
Cash and cash equivalents at end of the year	20	**92 659 660**	**15 468 229**

Notes on pages from 21 to 65 form an integral part of these financial statements.

1. GENERAL INFORMATION

This Annual Report is approved by the Company's Supervisory Board and the General Meeting of Shareholders authorises it for issue.

Mejerigaarden A/S is involved in production and wholesale of ice - cream and frozen food products.

The Company belongs to the dairy industry group that is known under the name of Food Union. The only shareholder of the Company is Food Union Holding (CY) Company Limited, incorporated in Cyprus. Food Union Holding (CY) Company Limited prepares consolidated financial statements for the Food Union group (hereinafter "the FU Group") that are available on the company's registered address.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

MERGER

With accounting effect from 1 January 2020, Mejerigaarden A/S wholy owned subsidiary Hjem-IS Danmark A/S has been merged to Mejerigaarden A/S. The merger was accounted for in accordance with the "aggregation method". The method entails that the comparative figures are restated and the accounting values in the subsidiary Hjem-IS Danmark A/S are thus consolidated into Mejerigaarden A/S for this and previous year. Accounting policies are adapted to Mejerigaarden A/S.

BASIS OF PREPARATION

The financial statements of Mejerigaarden A/S are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by European Union (EU) and additional requirements in the Danish Financial Statements Act.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the IFRS accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The financial statements are presented in Danish krone (DKK). Certain monetary amounts, percentages and other figures included in this report are subject to rounding adjustments. On occasion, therefore, amounts shown in tables may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100 percent. Changes for periods between monetary amounts are calculated based on the amounts in ore coin and then rounded to the nearest coin.

The reporting period for the financial statements is from 1 January 2020 until 31 December 2020.

ADOPTION OF NEW AND REVISED IFRSS AND INTERPRETATIONS

The following new and revised IFRSs and interpretations became effective from 1 January 2020, but had no impact on the operations of the Company and these financial statements:

- Definition of Material – amendments to IAS 1 and IAS 8;
- Definition of a Business – amendments to IFRS 3;
- Revised Conceptual Framework for Financial Reporting;

- Covid-19 related Rent Concessions – amendments to IFRS 16;
- Interest Rate Benchmark Reform – amendments to I FRS 9, IAS 39 and IFRS 7;
- Annual Improvements to IFRS 2018-2020 Cycle (early adopted).

New standards and interpretations published and effective for the accounting periods beginning on 1 January 2021 or later periods or not yet endorsed by the EU and which the Company has not early adopted:

- IFRS 17 Insurance Contracts;
- Classification of Liabilities as Current or Non-current – amendments to IAS 1;
- Property, Plant and Equipment: Proceeds before intended use – amendments to IAS 16;
- Reference to the Conceptual Framework – amendments to IFRS 3;
- Onerous Contracts – Cost of Fulfilling a Contract – amendments to IAS 37;
- Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28.

The Company anticipates that the adoption of all other standards, revisions and interpretations will have no material impact on the financial statements of the Company in the period of initial application.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Danish krona (DKK), which is the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

REVENUE RECOGNITION

Revenue is recognized based on the price specified in the contract, net of value added taxes, volume rebates granted, returns and discounts.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The Company does not expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. As a consequence the Company does not adjust any of the transaction prices for the time value of money.

Revenues earned by the Company are recognized on the following bases:

(i) Sales of goods and services

Sales are recognized when control of the products has transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the stage completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Major part of services relates to sale of goods and accordingly service revenues are recognized at a point in time in the same patter as the revenue from sale of goods is recognized.

Timing of revenue recognition for other services, if provided for prolonged time periods, is “Over time”.

(ii) Interest income

Interest income is recognized on time-proportion basis using the effective interest rate method.

(iii) Rental income

Rental income arising on leases is recognized as Other operating income on a straight-line basis over the lease term.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Denmark. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit / loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

Buildings	10-20 years
Equipment and machinery	6-15 years
Other fixed assets and motor vehicles	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Fixed assets under construction represents costs of fixed assets and fixed assets under construction, thereby the initial cost is maintained. The initial cost includes construction costs and other direct costs. Depreciation of fixed assets is not calculated until the assets are completed and put into operations. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Borrowing costs attributable to the construction of property, plant and equipment are added to the cost of the assets during the period that is required to complete and prepare the asset for its intended use.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognized in "other gains/(losses) – net" in profit or loss.

RIGHT-TO-USE ASSETS AND LEASES

The Company has adopted IFRS 16 "Leases" effective 1 January 2019. On adoption of IFRS 16, the Company recognized Right-to-use assets and lease liabilities in relation to leases, which had previously been classified as "operating leases" under IAS 17. Upon adoption of IFRS 16 in 2019, the Company included recognized Right-to-use assets under Property, plant and equipment caption.

The Company leases depots, equipment, trucks and cars. Rental contracts are typically made for periods of 1 to 5 years, but may have extension options, especially in relation to real estate. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. Lease liabilities are measured at the present value of the remaining lease payments, considering extension options, where reasonably expected to be used. Associated Right-to-use assets are measured at the amount equal to the lease liability.

Right-to-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the Right-to-use asset is depreciated over the underlying asset's useful life.

Assets acquired under prior finance leases (under IAS 17) were reclassified from other property, plant and equipment captions to Right-to-use assets, while prior operating leases (under IAS 17) were recognized as "Initial recognition" under Right-to-use assets.

As key inputs in calculating present value of lease payments the management is required to assess the likelihood of using the agreement extension option as well as establish the discount rate implicit in the lease.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are included in the lease term if the lease is reasonably certain to be extended.

For discounting the incremental borrowing rate is used, being the estimated rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise assets below USD 5 000 equivalent in euro. Variable lease payments linked to actual usage, inflation or performance are not included in the base of calculation of Right-to-use asset, but instead, in every period when incurred are recognized directly in Profit or loss statement.

Lease liabilities and related assets are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in assessment of an option to purchase the underlying asset at the end of the lease period.

GOODWILL

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed. See also principles for "Impairment of non-financial assets".

TRADEMARKS, LICENSES, PATENTS

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks and licenses with a finite useful life are carried at cost less accumulated amortization and they are tested for impairment where there is an indication of impairment.

Amortization is calculated using the straight-line method to allocate the cost of trademarks, brands, licenses (other than software) over their estimated useful lives as follows:

Trademarks and brands	10 years
Licenses and patents (other than software)	3-10 years

The useful lives of trademarks have been determined on the basis of management estimates of the expected length of the cash generating period by these assets. Useful lives of software license have been determined on the basis of duration of right of use of assets.

The management estimates that umbrella brands have indefinite useful lives since the cash flows generated by these intangible fixed assets have indefinite future. See also principles for "Impairment of non-financial assets".

COMPUTER SOFTWARE

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are charged to the profit or loss of the year in which they were incurred.

Computer software costs are amortized using the straight-line method over their estimated useful lives, not exceeding a period of five years. Amortization commences when the computer software is available for use and is included within administrative expenses.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

When the net realizable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to its net realizable value.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. Refer to accounting policy on Financial assets for further details.

FACTORING

Factoring is the transfer (sale) of receivables, whereby depending on the type of the factoring contract the buyer has the right to sell the transferred receivable back to the seller within a certain time period (factoring with recourse) or there is no right of resale back to the seller and all the risks and benefits associated with the receivable are transferred from seller to purchaser (factoring without recourse).

If the seller of the receivable retains the repurchase obligation, the transaction is recognised as a financing transaction (i.e. as a loan with the receivable as a collateral) and not as a sale. The receivable is not considered as sold as a result of factoring, but it remains in the balance sheet until the receivable is collected or the recourse right has expired. The related liability is recorded similarly to other borrowings.

If there is no repurchase obligation and the control over the receivable and the related risks and rewards of the ownership are transferred to the buyer, the transaction is recognised as a sale of the receivable. The related expense is recognised as a finance cost (similarly to interest expense) or as an impairment loss of receivables, depending on whether the purpose of the transaction was to manage the cash flows or to manage credit risk.

SHARE CAPITAL AND STATUTORY RESERVE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves include accumulates profit/loss and reserves for development cost according to national GAAP.

CASH AND CASH EQUIVALENTS

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturity of three months or less. Bank overdrafts which are used as financing tools, are presented under financing cash flows and do not comprise part of cash and cash equivalents.

Cash pool accounts

Cash pool account is a centralized cash management solution for certain companies of Food Union Holding (Cyprus) Company limited group (“FU Group”). The main function of the cash pool account is the notional pooling of funds from participating current accounts of several FU Group companies that are part of the Cash pool agreement. This allows provision of liquidity for cash pool participants and reduce need for external financing.

The Company can borrow funds from cash pool (negative balance on the Company’s cash pool accounts) or lend funds to the cash pool (positive balance on the Company’s cash pool accounts). The negative balances of the Company’s cash pool accounts are included in the balance sheet position “Cash pool overdraft”, while positive balances of the Company’s cash pool accounts are included in the balance sheet position “Cash pool deposit”.

DIVIDEND

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

EMPLOYEE BENEFITS

Employee benefits include payroll payments, holiday and pension reservation and provisions. The are no pensions obligations to employees when paid to local authorities.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment (for liquidity services) and amortized over the period of the facility to which it relates.

All gains or losses resulting from the modifications of borrowings that did not result in de-recognition are recognised in profit or loss.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortization of discounts or premium relating to borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings, lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

FINANCIAL ASSETS

Classification

The Company classifies its financial assets in the following measurement categories: those to be measured at amortised cost and those at fair value through profit and loss. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Recognition and derecognition
All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade and other receivables and financial assets at amortised cost.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the income statement.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within “other gains/(losses)” in the period in which it arises.

Impairment – credit loss allowance for expected credit losses (ECL)
The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within “net impairment losses on financial assets”. Debt instruments measured at amortised cost are presented in the balance sheet net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the balance sheet. For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach. For trade receivables including trade receivables with a significant financing component and contract assets the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognized from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Company identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. Additionally, the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

Modification
The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss.

FINANCIAL ASSETS AT AMORTIZED COST

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortized cost using the effective interest method, less provision for impairment. Financial assets at amortized cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

FINANCIAL LIABILITIES

All financial liabilities (trade payables, other short and long-term liabilities, borrowings) are initially recognised at their fair value, less any transaction costs. They are subsequently recognised at amortised cost, using the effective interest rate method.

FINANCIAL HIGHLIGHTS

Explanation of financial ratios:

Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$
Gross margin	$\dfrac{\text{Gross profit x 100}}{\text{Net revenue}}$
Profit margin	$\dfrac{\text{Profit before financials x 100}}{\text{Revenue}}$

3. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

MARKET RISK

Currency/Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the functional currency of the Company. Majority of all Company's financial assets and liabilities are in DKK, while part of borrowings is also in EUR. Since DKK is pegged to EUR, the management considers that the Company is not exposed to significant foreign exchange risk due to EUR.

The Company has not used financial instruments to protect itself against possible currency risks that may occur in the future in business transactions, assets and liabilities in foreign currencies. Income and expenses from transactions made in foreign currencies are recognised under other operating income/expense or financial income/expense in “Gain/loss from change of exchange rate”.

Cash flow and fair value interest rate risk
The Company’s interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. As at 31 December 2020 and 31 December 2019, the Company’s borrowings have variable interest rates. The Company’s management monitors the interest rate fluctuations on a continuous basis and acts accordingly. As at 31 December 2020 and 31 December 2019 the effect of changes in interest rate was not significant, since 3M Euribor/EONIA rate remained below zero and according to respective borrowing agreements equaled zero.

CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company’s cash and cash equivalents have been invested in secure financial institutions. The Company manages its credit risk by continuously assessing the credit history of its customers and setting credit terms individually for each client. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored. In addition, the Company continuously monitors accounts receivable balances to minimize appearance of bad debts. Refer to Note 15 for further disclosure on credit risk.

To minimize credit risk, solvency of a potential contractual partner is assessed. Contracts for purchase and sale of products are concluded with all contractual partners, and a payment is granted only to reliable partners. If possible, the Company uses factoring, without recourse as an additional measure to manage credit risk. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

LIQUIDITY RISK

The Company manages its liquidity risk by monitoring the changes in working capital and by ensuring adequate funding. Based on the Company’s cash management principle, the Company’s cash is accumulated in dedicated bank accounts and managed on a FU Group level. To ensure daily liquidity requirements, the FU Group’s management determines minimum cash balances to be maintained on Company’s bank accounts.

Risk analysis and designing of risk management plans are conducted at the top management level. The Company’s liquidity risk policy is based on a conservative approach whose main objective is to secure the safeguarding of the cash flows generated from the operations to ensure sufficient liquidity enabling timely settlement of the liabilities undertaken.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows for borrowings.

Borrowings, DKK (ex. lease liabilities)	Less than 3 months	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2020	30 772 948	3 647 127	153 738 838	-	**188 158 913**
31 December 2019	61 277 378	3 663 226	125 257 837	-	**190 198 441**

All trade and other payables are current and their carrying balances approximate fair values as impact of discounting is insignificant. For information on lease liabilities refer to Note 22 (viii).

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital as defined by management at 31 December 2020 and 2019 consists of total equity of the Company plus net debt of the Company, as shown on the face of the balance sheet. As part of Food Union group, the Company has one partner providing non-current and current financing to operational entities through central treasury company.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	31.12.2020 DKK	31.12.2019 DKK
Total borrowings (Note 22)	251 295 481	249 604 434
Less: Cash and cash equivalents (Note 20)	(92 659 660)	(15 468 229)
Net debt	**158 635 820**	**234 136 205**
Total equity	114 746 308	77 291 575
Total capital as defined by management	**273 382 129**	**311 427 780**
Gearing ratio	**58%**	**75%**

Due to strong operating cash generation during 2020, the Company's gearing ratio has considerably decreased compared to end of previous reporting year.

Under the terms of the FU Group's borrowing facilities, the FU Group is required to comply to certain financial and non-financial covenants. Please refer to Note 22.

(iii) Fair value estimation

The different levels of fair value valuation methods have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Company's management estimates that the carrying amounts of financial assets and liabilities carried at amortised cost are not significantly different from their fair values at 31 December 2020 and 31 December 2019.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Assessment of useful economic lives of property, plant and equipment and intangible assets with definite lifetime**

Management is required to assess the useful economic lives and residual value of the assets so that depreciation and amortization is charged on a systematic basis up to the residual value. Estimates of useful economic life of property, plant and equipment and intangible assets with definite lifetime are based on management's experience by comparison to similar assets in the industry. However, the actual life of respective assets may be different. Changes to estimates to useful lives and residual values may affect the annual depreciation and amortization charge and thereby the results for the year significantly.

- **Estimated impairment of goodwill**

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amount of cash generating units has been determined based on value in use calculations. These calculations require the use of estimates as disclosed in Note 16. As at 31 December 2020 and 2019 the management concluded that no impairment charge is required.

- **Leases**

As key inputs in calculating present value of lease payments the management is required to assess the likelihood of using the agreement extension option as well as establish the discount rate implicit in the lease.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are included in the lease term if the lease is reasonably certain to be extended.

For discounting the incremental borrowing rate is used, being the estimated rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities and related assets are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in assessment of an option to purchase the underlying asset at the end of the lease period.

5. REVENUE

	2020 DKK	2019 DKK
Revenue by operating activities		
Sales of goods	491 261 865	426 756 693
Other services	888 491	1 184 959
	492 150 356	**427 941 652**
Sales of goods by product type		
Ice - cream	491 261 865	425 675 171
Frozen food	-	1 081 522
	491 261 865	**426 756 693**
Revenue by geographical area		
Denmark	481 174 889	414 008 552
Norway	5 826 265	9 050 388
Sweden	3 143 440	3 047 821
Germany	1 672 809	1 392 913
France	38 598	-
Poland	294 355	406 323
Spain	-	35 655
	492 150 356	**427 941 652**

6. COST OF GOODS SOLD

	2020 DKK	2019 DKK
Materials and goods for sale	161 987 748	152 919 686
Production wages	34 389 697	33 433 650
Depreciation (Note 17)	5 477 548	5 236 623
Salary expenses	11 135 734	9 683 693
Social and pensions contributions	1 601 295	1 380 041
Machinery repair and maintenance	8 828 716	8 911 654
Variable and low value rent expenses	64 419	114 358
Other production costs	1 792 688	2 820 679
	225 277 845	**214 550 384**

7. SELLING EXPENSES

	2020 DKK	2019 DKK
Transport and logistics expenses	18 711 880	20 244 571
Salary expenses	90 791 365	83 067 286
Social and pensions contributions	7 084 672	8 323 309
Marketing and promotion expenses	16 939 510	17 098 642
Depreciation (Note 17)	21 361 906	18 055 346
Amortization (Note 16)	9 740 281	9 399 576
Repair and maintenance	8 199 864	9 870 788
Receivables written off	278 160	256 568
Variable and low value rent expenses	625 104	112 662
Other selling and marketing expenses	6 152 281	6 591 019
	179 885 023	**173 019 767**

8. ADMINISTRATIVE EXPENSES

	2020 DKK	2019 DKK
Salary expenses	21 791 806	16 726 041
Social and pensions contributions	2 321 794	2 725 197
Professional fees and services	671 877	1 239 478
Depreciation (Note 17)	565 471	4 064 586
Amortization (Note 16)	1 381 676	1 055 262
Variable and low value rent expenses	-	495 539
Other administrative costs	15 707 820	14 157 149
	42 440 444	**40 463 252**

9. OTHER OPERATING INCOME AND EXPENSES

	2020 DKK	2019 DKK
9 (a) Other operating income		
Interest income:		
- Loans to related parties	-	355
- Other finance income	629 037	431 477
	629 037	**431 832**
Other operating income	1 754 933	4 397 965
Income from rent of premises	-	459 024
	2 383 970	**5 288 821**
9 (b) Other gains/ (losses), net		
Gain from disposal of property, plant and equipment (Note 17)	207 411	556 923
(Loss)/gain from disposal of intangible assets (Note 16)	(16 014)	43 217
	191 397	**600 140**
9 (c) Other operating expenses		
Other operating expenses	15 388	-
Property tax	379 981	218 900
	395 369	**218 900**

10. FINANCE COSTS

	2020 DKK	2019 DKK
10 (a) Interest expenses:		
Bank borrowings	-	92 061
Loans from the related parties (Note 22 (vi), 26 (iii))	7 153 337	7 350 921
Contract fees and fees for handling by the factoring	237 668	-
Right-to-use asset with purchase option (Note 22 (viii))	40 926	92 080
Right-to-use asset without purchase option (Note 22 (viii))	1 780 633	1 704 819
Other finance costs	757 493	160 771
Amortization of deferred refinancing costs (Note 22 (vi))	3 525 245	941 748
	13 495 302	**10 342 400**

	2020 DKK	2019 DKK
10 (b) Foreign exchange gain / (loss), net:		
Foreign exchange gain/ (loss) on financing activities:		
- Borrowings from the banks	325 575	(175 490)
- Other	-	(8 160)
	325 575	**(183 650)**

11. EXPENSES BY NATURE

	2020 DKK	2019 DKK
Cost of materials and goods used	161 987 748	152 919 686
Salaries incl. directors' remuneration and fees (Note 12)	169 116 364	155 339 217
Transportation, logistics and materials cost	18 711 880	20 244 571
Depreciation, amortization and impairment (Note 16, 17)	38 526 881	37 811 393
Marketing, promotion and similar costs	22 015 370	22 136 822
Fuel, power, machinery maintenance and repairs	17 028 580	18 782 442
Other administrative costs	15 437 703	13 917 672
Other production costs	1 759 717	2 755 388
Variable and low value rent expenses	689 522	722 559
Professional fees and services	671 877	1 239 478
Impairment and write off of receivables	278 160	256 568
Traveling expenses	1 379 510	1 857 607
Total cost of sales, selling and administrative costs	**447 603 312**	**427 983 403**

12. STAFF COSTS

	2020 DKK	2019 DKK
Salary expenses	146 859 141	129 097 730
Social and pensions contributions	13 616 860	16 210 033
Directors' remuneration and fees	8 623 472	9 995 922
Social and pensions contributions on director's remuneration	16 899	35 533
	169 116 364	**155 339 217**

Directors do not receive remuneration for their functions performed as a Board of Directors.

	2020	2019
Average number of employees during the reporting period	324	322

13. INCOME TAX

	2020 DKK	2019 DKK
Current tax:		
Income tax charge for the reporting year	6 685 482	-
Under / (over) provision of prior years' taxes	-	1 021 192
Total current income tax for the reporting year:	**6 685 482**	**1 021 192**
Deferred tax:		
Origination and reversal of temporary differen-ces	771 430	(540 535)
Under/ (over) provision of prior years' deferred taxes	-	277 541
Total deferred income tax for the reporting year (Note 23)	**771 430**	**(262 994)**
Total income tax charged for the year:	**7 456 912**	**758 198**

The Company's total income tax charge for the reporting year differs from the theoretically calculated tax amount that would arise using the applicable tax rate as follows:

Profit before tax	**33 557 316**	**(4 897 740)**
Tax calculated at nominal tax rate	7 382 609	(1 077 503)
Under / (over) provision of prior periods	-	1 298 733
Non-taxable income/ non-deductible expense	74 303	536 968
Corporate income tax charge	**7 456 912**	**758 198**

Applicable tax rate for Mejerigaarden A/S is 22%.

14. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per balance sheet	31.12.2020. DKK	31.12.2019. DKK
Trade and other receivables, excl. prepayments (Note 19)	17 287 110	35 362 821
Cash and cash equivalents (Note 20)	92 659 660	15 468 229
	109 946 770	**50 831 050**
Liabilities as per balance sheet		
Borrowings including finance lease (Note 22)	251 295 481	249 604 434
Trade and other payables (excluding tax liabilities and salary expenses) (Note 24)	43 014 628	43 083 158
	294 310 109	**292 687 592**

15. CREDIT QUALITY OF FINANCIAL ASSETS

The Company has two types of financial assets that are subject to IFRS 9 new expected credit loss model:

- Trade receivables;
- Debt investments carried at amortized cost (loans).

Trade receivables

The Company applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, as grouped based on shared credit characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 2 years prior to 31 December 2020 and the historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information.

Other tax receivables are considered as a separate, low default risk group, with no expected credit losses.

Trade receivables from related parties are considered as a separate group, with no historical credit losses over the relevant assessment period. Accordingly, no lifetime expected credit losses are recognized in respect of trade receivables from related parties.

On that basis, the loss allowance as at 31 December 2020 and 2019 was determined as follows:

Trade receivables	**31.12.2020. DKK**	**31.12.2019. DKK**
Gross trade receivables, excl. related parties	18 142 955	36 332 359
Loss allowance	(855 845)	(1 278 936)
Expected loss rate, %	**4.72 %**	**3.52%**
Gross trade receivables from related parties	-	309 398
Loss allowance	-	-
Expected loss rate, %	-	**0%**
Other tax receivables	6 549 379	8 167 327
Loss allowance	-	-
Expected loss rate, %	**0.0%**	**0%**

15. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

Movements on the expected loss on trade and other receivables are as follows:

	2020 DKK	2019 DKK
At the beginning of the year	1 278 936	1 245 710
Provision for receivables impairment	334 623	314 901
Receivables written off uncollectable	(636 592)	(105 334)
Doubtful receivables collected	(121 122)	(176 341)
	855 845	**1 278 936**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, include, amongst others, the failure of debtor to engage in a repayment plan with the Company as well as declared insolvency or liquidation of debtor.

Debt investments carried at amortized cost

All the Company's loans receivable from related parties (debt investments at amortised cost) are considered as a separate group, with no historical credit losses over the relevant assessment period. Loans receivable from related parties are considered to have low credit risk, based on the assumption of these parties having low risk of default and demonstrating strong capacity to meet its contractual cash flow obligations, therefore, the loss allowance assessed during the period was limited to 12 months expected losses.

Accordingly, no expected credit losses are recognised in respect of loans receivable from related parties.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, since cash at bank are held in Range A banks, there are no impairments.

Cash at bank (as per Moody's rating) at the date of approval of these financial statements:

	31.12.2020. DKK	31.12.2019. DKK
Range A	92 414 219	15 236 233
Unrated or not specified	245 441	231 996
	92 659 660	**15 468 229**

16. INTANGIBLE ASSETS

	Goodwill	Trademarks and brands	Other intangible assets	Licences, patents and software	Total
	DKK	DKK	DKK	DKK	DKK
Period 01.01.2019-31.12.2019					
Opening net book amount	**58 037 497**	**96 529 000**	**8 475 607**	**4 460 024**	**167 502 128**
Additions	-	-	8 024 746	1 167 323	**9 192 069**
Disposals	-	-	(4 978 928)	(2 938 660)	**(7 917 588)**
Accumulated amortization on disposals	-	-	3 940 169	2 938 237	**6 878 406**
Amortization charge	-	(3 996 000)	(4 882 997)	(1 575 841)	**(10 454 838)**
Closing net book amount	**58 037 497**	**92 533 000**	**10 578 597**	**4 051 083**	**165 200 177**
As at 31 December 2019:					
Cost	58 037 497	104 900 000	34 349 810	11 567 902	**208 855 209**
Accumulated depreciation	-	(12 367 000)	(23 771 213)	(7 516 819)	**(43 655 032)**
Net book amount	**58 037 497**	**92 533 000**	**10 578 597**	**4 051 083**	**165 200 177**
Period 01.01.2020-31.12.2020					
Opening net book amount	58 037 497	92 533 000	10 578 597	4 051 083	**165 200 177**
Additions	-	-	5 043 128	1 402 254	**6 445 382**
Disposals	-	-	(2 057 373)	(2 387 616)	**(4 444 989)**
Accumulated amortization on disposals	-	-	1 819 922	2 387 616	**4 207 538**
Amortization charge	-	(3 996 000)	(5 223 720)	(1 902 236)	**(11 121 956)**
Closing net book amount	**58 037 497**	**88 537 000**	**10 160 554**	**3 551 101**	**160 286 152**
As at 31 December 2020:					
Cost	58 037 497	104 900 000	37 335 565	10 582 541	**210 855 603**
Accumulated depreciation	-	(16 363 000)	(27 175 011)	(7 031 440)	**(50 569 451)**
Net book amount	**58 037 497**	**88 537 000**	**10 160 554**	**3 551 101**	**160 286 152**

Amortisation charge is included in ‘selling expenses and in ‘administrative expenses’.

16. INTANGIBLE ASSETS (CONTINUED)

Impairment test of non-current assets

As at the end of the reporting year, goodwill relates to amounts resulting from historical reorganizations and merger process of Food Union Scandinavia ApS, Mejerigaarden Investments A/S and Mejerigaarden A/S and acquisition process of Hjem-Is Danmark A/S (total goodwill recognized in respect of acquisition of Hjem-IS Danmark A/S and its subsidiaries was DKK 31 544 061).

The recoverable amount of the assets, including goodwill, has been determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budget for the next reporting year approved by the management and further forecast based on the Company's long-term plan, covering a period until 2023. Cash flows beyond 2023 are extrapolated using the estimated growth rates stated below.

Management determined revenue growth rate and EBITDA % over the forecast period to be the most sensitive key assumptions. These rates are based on the Company's past performance, year 2020 actual performance, year 2021 approved budget, the Company's long-term plan and the management's expectations of market development. As a result of the test, there was no indication for impairing the carrying amount of the goodwill, as at 31 December 2020 and 2019.

Year 2020 impairment review, including carrying value of assets and excess of recoverable amount over carrying amount are as of 31 October 2020 and 2 months budgeted. The management has evaluated the movement between 31 October 2020 and 31 December 2020 and concluded that there were no material changes that would significantly impact the impairment review results, and, accordingly, conclude that using the data as described is appropriate.

The following table sets out the summary of asset values tested for the impairment, impairment test results and the key assumptions used for value-in-use calculations. The table also depicts sensitivity to change in each individual key assumption that would make recoverable value to approximate carrying value of the respective asset tested.

Assets tested for impairment and results:	**31.12.2020. DKK 000'**	**31.12.2019. DKK 000'**
Goodwill	58 038	58 038
Carrying value of assets (incl. goodwill)*	584 059	542 905
Excess of recoverable amount over carrying amount	724 685	572 007

16. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used for value-in-use calculations are as follows:

Revenue growth p.a.	average increase of 1.0% in 2021, decrease of 3.3% in 2022 and 2.7% growth from 2023 onwards	average increase of 1.2% in 2020; average annual growth of 3.9% from 2021 onwards
EBITDA margin	16.57% -20.30%	16.28% - 20.30%
Capital investments p.a.	DKK 11 221 in 2021, DKK 13 394 each year afterwards for the period 2022-2023	DKK 6 724 in 2020, DKK 11 953 in 2021 and DKK 13 447 each year afterword's for the period till 2024
Discount rate (WACC):	8.28%	8.92%

The following individual change in each of the key assumptions would make recoverable amount approximate respective carrying amount:

EBITDA decrease to presented % p.a.	8.81% -10.80%	9.56% - 11.91%
Increase in capital investments p.a.	45 114	39 222
Increase in WACC rate to presented %	15.58%	15.52%

* Including goodwill and PPA recognized on consolidated Food Union Holding (CY) Company Limited in amount DKK 194 million.

In the cash flow statement, proceeds from sale of intangible assets comprise:

	2020 DDK	**2019 DDK**
Net book amount	(237 451)	(1 039 181)
(Loss) / Gain on disposal on intangible assets	(16 014)	43 217
Proceeds from disposal of intangible assets	(221 437)	(1 082 398)

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Equipment and machinery	Other fixed assets	Total
	DKK	DKK	DKK	DKK
Period 01.01.2019-31.12.2019				
Opening net book amount	17 770 384	15 397 146	21 139 558	**54 307 088**
Initial recognition of Right-to-use assets	57 336 397	-	5 211 391	**62 547 788**
Additions	139 214	2 959 933	37 648 166	**40 747 313**
Disposals	(497 645)	(1 816 355)	(24 122 952)	**(26 436 952)**
Accumulated depreciation on disposals	391 174	1 777 599	22 225 066	**24 393 839**
Depreciation charge	(9 010 822)	(4 067 633)	(14 278 100)	**(27 356 555)**
Closing net book amount	**66 128 702**	**14 250 690**	**47 823 129**	**128 202 521**
As at 31 December 2019:				
Cost	94 146 435	93 971 646	99 565 694	**287 683 775**
Accumulated depreciation	(28 017 733)	(79 720 956)	(51 742 565)	**(159 481 254)**
Net book amount	**66 128 702**	**14 250 690**	**47 823 129**	**128 202 521**

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Equipment and machinery	Other fixed assets	Total
	DKK	DKK	DKK	DKK
Period 01.01.2020-31.12.2020				
Opening net book amount	66 128 702	14 250 690	47 823 129	**128 202 521**
Additions	14 939 792	3 715 699	13 303 724	**31 959 215**
Disposals	(13 308 665)	-	(8 842 025)	**(22 150 690)**
Accumulated depreciation on disposals	13 241 942	-	5 572 759	**18 814 701**
Depreciation charge	(9 033 376)	(4 379 192)	(13 992 357)	**(27 404 925)**
Closing net book amount	**71 968 395**	**13 587 197**	**43 865 230**	**129 420 822**
As at 31 December 2020:				
Cost	95 777 563	97 687 346	104 027 392	**297 492 301**
Accumulated depreciation	(23 809 168)	(84 100 149)	(60 162 162)	**(168 071 479)**
Net book amount	**71 968 395**	**13 587 197**	**43 865 230**	**129 420 822**

For information on pledged property, plant and equipment and capital commitments please refer to Note 22 (vi) and 25.

Depreciation expense has been charged in 'cost of sales', 'selling and marketing expenses' and 'administrative expenses' (Notes 6, 7, 8 and 11).

In 2020 and 2019 the Company has no capitalized borrowing costs on qualifying assets.

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2020 DKK	2019 DKK
Net book amount	(136 930)	(1 940 527)
Gain on disposal of investment properties (Note 9 (b))	207 411	556 923
Proceeds from disposal of property, plant and equipment	**(344 341)**	**(2 497 450)**

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Net book amounts of Right-to-use assets with purchase rights (prior finance lease) and Right-to-use assets without purchase rights (prior operating lease) included in the above total net book value of property, plant and equipment as at 31 December 2020 are as follows:

	Land and buildings	Equipment and machinery	Other fixed assets and motor vehicles	Total
RTU assets with purchase option	-	-	1 369 971	1 369 971
RTU assets without purchase option	56 935 065	-	28 609 923	85 544 988
Property, plant and equipment without lease terms	15 033 330	13 587 197	13 885 336	42 505 863
Net book amount, total PPE	**71 968 395**	**13 587 197**	**43 865 230**	**129 420 822**

For disclosure of lease liabilities, please refer to Note 22 (viii).

Right-to-use assets without purchase option movement is summarized in table below:	2020 DKK
Opening amount	79 661 690
Additions	22 143 979
Disposals, net	(217 249)
Reclassification	(2 749 765)
Depreciation charge (Land and buildings)	(7 533 540)
Depreciation charge (Other fixed assets and motor vehicles)	(5 760 127)
	85 544 989

18. INVENTORIES

	31.12.2020. DKK	31.12.2019. DKK
Raw materials	13 693 945	12 396 498
Goods for sale	53 709 169	55 991 516
Work in progress	2 030 949	-
	69 434 063	**68 388 014**

As at 31 December 2020 and 31 December 2019 all inventory items are stated at cost.

19. TRADE AND OTHER RECEIVABLES

	31.12.2020. DKK	31.12.2019. DKK
Initial direct and restoration cost of rent	2 569 356	2 358 979
Non-current trade and other receivables:	**2 569 356**	**2 358 979**
Trade receivables	17 613 682	35 333 729
Receivables from related parties (Note 26 (ii.i))	-	309 398
Provisions for bad and doubtful debts	(855 845)	(1 278 936)
Total trade receivables	**16 757 837**	**34 364 191**
Current income tax	370 500	-
Excise tax	3 379 940	4 801 958
Ice – cream tax	2 798 939	3 365 369
Other receivables	529 275	998 630
Deferred expenses	1 540 656	2 647 351
Prepayments and advance payments	322 402	348 929
Current trade and other receivables:	**25 699 549**	**46 526 428**
	28 268 905	**48 885 407**

As at 31 December, the carrying amounts of trade and other receivables are denominated in the following currencies:

DKK	28 130 301	48 262 708
EUR	138 602	622 699
	28 268 903	**48 885 407**

The carrying value of trade and other receivables as at 31.12.2020. and 31.12.2019. approximates their fair value.

The Company has financing facility for selling trade receivables originating from certain key accounts on a non-recourse basis. As at 31 December 2020 trade receivables sold under the respective facility amounted to DKK 8 668 401.

For information on pledged assets refer to Note 22 (vi).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables set above. It was assessed that a portion of the impaired receivables is expected to be recovered. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. See also Note 15 Credit quality of financial assets.

20. CASH AND BANK

	31.12.2020. DKK	31.12.2019. DKK
Cash at bank	92 414 219	15 236 233
Cash on hand	245 441	231 996
	92 659 660	**15 468 229**

As at 31 December, the cash and cash equivalents are denominated in the following currencies:

DKK	91 380 919	15 192 658
EUR	1 278 140	274 922
NOK	601	649
	92 659 660	**15 468 229**

21. SHARE CAPITAL AND RESERVES

The Company’s share capital as at 31 December 2020 and 31 December 2019 consists of:

	Number	Nominal value
A-shares	89	890
B-shares	102	102
C-shares	16	8
D-shares	1	100
Total	**208**	**1 100**

There have been no changes in the share capital during the last 5 years.

22. BORROWINGS

Non-current borrowings:	31.12.2020. DKK	31.12.2019. DKK
Borrowings from related parties (Note 26 (iii))	134 692 729	111 663 198
Deferred refinancing costs to related (Note 26 (iii))	-	(1 681 995)
Deferred refinancing costs to third parties	-	(1 843 249)
Lease liabilities with purchase option (Note 22 (viii))	858 127	1 189 175
Lease liabilities without purchase option (Note 22 (viii))	72 622 229	66 988 060
Total non-current borrowings:	**208 173 085**	**176 315 189**
Current borrowings:		
Current cash pool overdraft (Note 26 (iii))	29 557 239	60 219 113
Lease liabilities with purchase option (Note 22 (viii))	642 399	396 504
Lease liabilities without purchase option (Note 22 (viii))	12 922 758	12 673 628
Total current borrowings:	**43 122 396**	**73 289 245**
	251 295 481	**249 604 434**

As at 31 December 2020 the Company has a cash pool agreement with Food Union Management SIA – the entity providing treasury services within Food Union group. The agreement allows partial repayment on a next business day after request, with full repayment in five business days after termination date.

22. BORROWINGS (CONTINUED)

(i) Fair values

The carrying amounts of borrowings and finance lease liabilities as at 31 December 2020 and 2019 approximates their fair value.

(ii) Denomination in foreign currencies

As at 31 December, the carrying amounts of the Company's borrowings are denominated in the following currencies:

	31.12.2020. DKK	**31.12.2019. DKK**
DKK	116 599 635	139 620 114
EUR	134 695 846	109 984 320
	251 295 481	**249 604 434**

(iii) Maturity of non-current borrowings *(excl. lease liabilities)*

Between 2 and 5 years	134 692 729	108 137 954
	134 692 729	**108 137 954**

(iv) Undrawn balances

Undrawn financing balances as at 31 December 2020 and 31 December 2019 are DKK 0.

22. BORROWINGS (CONTINUED)

(v) Interest rates and exposure to interest rate changes

The Company's borrowings to/from related parties have variable interest rate, which consist of 3M Euribor plus fixed margin. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

As at 31 December 2020 and 31 December 2019 the effect of changes in interest rate was not significant, since 3M Euribor rate remain to stay below zero and according to respective financing agreements were equalled zero.

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates as at 31 December 2020 and 31 December 2019 are as follows:

	31.12.2020. DKK	31.12.2019. DKK
3 months or less	165 750 494	169 942 746
Fixed interest rate (lease liabilities without purchase option):		
2-5 years	69 443 462	58 241 523
Over 5 years	16 101 525	21 420 165
	251 295 481	**249 604 434**

(vi) Pledges, collaterals and loan covenants

The Company is a part of Food Union Group. All non-current and current assets of the Food Union Group (FU Group) have been pledged under respective financial, commercial, mortgage etc. agreements to secure all present and future liabilities and obligations of the FU Group arising in relation to Senior Facility Agreement and Revolving Facility Agreement, Subordinated and Security Agency agreement and / or any other Finance Document resulting from the mentioned agreements. The final settlement of the said liabilities is due on 30 December 2025.

Under respective agreements, certain entities of the FU Group are Obligors (including Mejerigaarden A/S).

Senior Facility Agreement requires compliance to certain financial covenants, based on consolidated financial statements of the FU Group. Reporting on financial covenants compliance is required quarterly. Based on financial information presented in 31 December 2020 audited consolidated financial statements of FU Group, as adjusted according to the requirements of the Senior Facility Agreement, the FU Group complies with required financial covenants.

As security for lease of kiosk, security has been provided by account held as collateral with bank of DKK 320 thousand.

22. BORROWINGS (CONTINUED)

***(vii) Borrowing movement** (excl. lease liabilities):*

	2020 DKK	2019 DKK
At the beginning of the year	168 357 067	178 553 197
Received during the period	23 427 965	-
Paid during the period	(30 675 426)	(11 158 694)
Amortization of deferred refinancing fees charged (Note 10 (a))	3 525 245	941 748
Interest charged (Note 10 (a))	7 153 338	7 442 982
Interest paid	(7 083 390)	(7 457 157)
Exchange rate differences	(454 831)	34 991
At the end of the year	**164 249 968**	**168 357 067**

(viii) Lease liabilities	**31.12.2020. DKK**	**31.12.2019. DKK**
Lease liabilities with purchase option (prior finance lease):		
No later than 1 year	642 399	396 504
Later than 1 year and no later than 5 years	858 127	1 189 175
	1 500 526	**1 585 679**

22. BORROWINGS (CONTINUED)

Lease liabilities without purchase option (prior operating lease):	**31.12.2020. DKK**	**31.12.2019. DKK**
No later than 1 year	12 922 758	12 673 628
Later than 1 year and no later than 5 years	72 622 229	66 988 060
Present value of lease liabilities	**85 544 987**	**79 661 688**
Future finance charges on lease liabilities	12 452 581	11 437 932
Total minimum lease payments	**99 498 094**	**92 685 299**
Minimum lease payments:		
No later than 1 year	15 333 055	14 824 294
Later than 1 year and no later than 5 years	84 165 039	77 861 005
	99 498 094	**92 685 299**

22. BORROWINGS (CONTINUED)

Lease liabilities with purchase option movement:	**2020 DKK**	**2019 DKK**
At the beginning of the year	1 585 679	2 951 813
Received during the period	655 000	1 631 800
Repaid during the period	(508 109)	(2 997 934)
Interest charged	40 926	92 080
Interest paid	(40 926)	(92 080)
Set off assignment / Disposal	(232 044)	-
At the end of the year	**1 500 526**	**1 585 679**

Lease liabilities without purchase option movement:		
Initial recognition	79 661 688	62 547 788
Recognized during the year	22 143 979	29 294 451
Amortized during the year	(13 293 666)	(12 077 968)
Interest charged (Note 10 (a))	1 780 633	1 704 819
Interest paid	(1 780 633)	(1 704 819)
Disposed	(217 249)	(102 583)
Transfers and reclassification	(2 749 765)	-
At the end of the year	**85 544 987**	**79 661 688**

As at 31 December 2020 and 2019 the lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

23. DEFERRED CORPORATE INCOME TAX

In accordance with Danish tax legislation current corporate income tax is applied at the rate of 22% (2019: 22%) on taxable income generated by the Company during the taxation period ending 31 December 2020.

	2020 DKK	2019 DKK
Deferred income tax assets:		
- Tax losses	-	(1 076 953)
Deferred income tax liabilities	23 741 300	24 046 822
At the end of the reporting year, net	**23 741 300**	**22 969 869**

Deferred income tax (net) movement in the reporting year:

	2020 DKK	2019 DKK
Deferred income tax liability/ (asset), net:		
At the beginning of the reporting year	22 969 869	23 232 864
(Credited) to income statement (Note 13)	771 431	(262 995)
At the end of the reporting year	**23 741 300**	**22 969 869**
Deferred income tax assets, gross:		
Deferred tax assets to be received within 12 months	-	-
Deferred tax assets to be received after more than 12 months	-	(1 076 953)
	-	**(1 076 953)**
Deferred income tax liabilities, gross:		
Deferred tax liabilities to be settled within 12 months	22 381 696	22 433 909
Deferred tax liabilities to be settled after more than 12 months	1 359 604	1 612 913
	23 741 300	**24 046 822**
Deferred income tax liabilities, net:	**23 741 300**	**22 969 869**

24. TRADE AND OTHER PAYABLES

	2020 DKK	2019 DKK
Non-current trade and other payables:		
Accrued liabilities	13 561 260	-
	13 561 260	**-**
Current trade and other payables:		
Trade and other payables	30 926 382	32 699 416
Trade payables to related parties (Note 26 (ii.i))	20 047	1 244 713
Social insurance and similar contributions	2 827 104	2 256 463
Value added tax	968 150	1 446 798
Personal income tax	12 542 086	-
Ice-cream tax	5 162 877	3 953 900
Other payables, incl. salary payables	7 336 375	2 841 080
Advance payments	-	830 347
Accrued liabilities	14 558 053	19 651 405
Accrued liabilities to related parties (Note 26 (ii.i))	2 384 179	-
	76 725 253	**64 924 122**
	90 286 513	**64 924 122**

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

24. TRADE AND OTHER PAYABLES (CONTINUED)

Due to legislative changes in Denmark, part of unused vacation pay is frozen by the entity. The amount is indexed every period by the government set rate (3% for 2020). Amount is to be released to every employee upon leaving the labour market and accordingly presented as non-current accrued liabilities.

As at 31 December 2020, the Group has used extended payment terms as granted under COVID19 support initiatives, and accordingly, outstanding balance of personal income tax has increased compared to previous reporting year.

As at 31 December 2020 and 2019, the carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2020 DKK	2019 DKK
DKK	81 858 688	58 966 973
EUR	8 314 127	4 707 838
NOK	56 500	591 128
SEK	57 198	347 907
CHF	-	310 276
	90 286 513	**64 924 122**

25. CONTINGENT LIABILITIES

For information on pledged assets refer to Note 22 (vi).

Share purchase agreement of Hjem-Is Danmark A/S group, from 2017, provided for certain amount of the retention money, being part of the total purchase price of subsidiaries shares, which is not transferred to the sellers immediately, but rather was released in accordance with the terms of the agreement. The part of the escrow in the amount of DKK 8 000 thousand was released during July 2019, while the remaining amount of DKK 909 thousand was released during June 2020.

26. RELATED PARTY TRANSACTIONS

The parties are considered related when one party has the possibility to control the other one or has significant influence over the other party in making financial and operating decisions. The Company is engaged in the following transactions with the related parties:

(i) Sales and other services and key management remuneration

(i.i.) Sale of goods and rendering of services

	31.12.2020. DKK	**31.12.2019. DKK**
Revenue	989 845	2 976 198
Other services	-	4 379 920
	989 845	**7 356 118**
Sales of goods by product type		
Ice-cream	989 845	2 976 198
Revenue to related parties by geographical area		
Latvia	-	4 379 920
Norway	989 845	2 976 198
	989 845	**7 356 118**
(i.ii) Purchase of goods and services		
Purchases of goods	9 275 701	9 166 295

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(i.iii) Key management remuneration (Note 12)	**2020 DKK**	**2019 DKK**
Directors' remuneration	8 623 472	9 995 922
Social and Pensions contributions on director's remuneration	16 899	35 533
	8 640 371	**10 031 455**

(ii) Year-end balances

(ii.i) Accounts receivable and payable arising from transactions with related parties

	31.12.2020. DKK	**31.12.2019. DKK**
Receivables from related parties (Note 19)		
Isbjorn Is AS	-	7 790
Food Union Management SIA	-	301 608
	-	**309 398**
Payables to related parties (Note 24)		
Isbjorn Is AS	-	491 083
Rigas Piena Kombinats AS	20 047	29 058
Food Union Management SIA	2 384 179	724 572
	2 404 226	**1 244 713**

The receivables from related parties arise mainly from sales of goods and services. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Borrowings from the related parties	31.12.2020. DKK	31.12.2019. DKK
At the beginning of the year	170 200 316	180 887 979
Borrowings advanced during the year	23 427 966	-
Borrowings repaid during the year	(30 675 426)	(11 158 694)
Interest charged (Note 10 (a))	7 153 338	7 350 921
Interest paid	(7 083 390)	(7 365 096)
Amortization of deferred refinancing fees	1 681 995	450 215
Foreign exchange differences	(454 831)	34 991
At the end of the year (Note 22)	**164 249 968**	**170 200 316**
Non-current part	134 692 729	109 981 203
Current part	29 557 239	60 219 113
At the end of the year (Note 22)	**164 249 968**	**170 200 316**

Borrowings from the related parties are unsecured in nature. Borrowings bear interest at market rates.

27. EVENTS AFTER THE REPORTING PERIOD

Subsequent the reporting year end, Covid-19 pandemic continue to create uncertainties in Denmark and global markets. The management of the Company is monitoring the situation and taking necessary measures to minimize any disruption and negative impacts on the operations of the Company.

As of the last day of the reporting year until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statement or notes thereto.

pwc

To the Shareholders of Mejerigaarden A/S.

OPINION

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Mejerigaarden A/S for the financial year 1 January - 31 December 2020, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Skive, 15 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Allan Christiansen
State Authorised Public Accountant
Mne35463

Martin Furbo
State Authorised Public Accountant
Mne32204